

105TH CONGRESS
1ST SESSION

S. 562

To amend section 255 of the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage.

IN THE SENATE OF THE UNITED STATES

APRIL 10, 1997

Mr. D'AMATO (for himself, Mr. FAIRCLOTH, Mr. BENNETT, Mr. SARBANES, Mr. DODD, Mr. KERRY, Mr. BRYAN, Mrs. BOXER, Ms. MOSELEY-BRAUN, Mr. JOHNSON, and Mr. REED) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To amend section 255 of the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Senior Citizen Home
5 Equity Protection Act”.

1 **SEC. 2. DISCLOSURE REQUIREMENTS; PROHIBITION OF**
2 **FUNDING OF UNNECESSARY OR EXCESSIVE**
3 **COSTS.**

4 Section 255(d) of the National Housing Act (12
5 U.S.C. 1715z-20(d)) is amended—

6 (1) in paragraph (2)—

7 (A) in subparagraph (B), by striking
8 “and” at the end;

9 (B) by redesignating subparagraph (C) as
10 subparagraph (D); and

11 (C) by inserting after subparagraph (B)
12 the following:

13 “(C) has received full disclosure of all costs
14 to the mortgagor for obtaining the mortgage,
15 including any costs of estate planning, financial
16 advice, or other related services; and”;

17 (2) in paragraph (9)(F), by striking “and”;

18 (3) in paragraph (10), by striking the period at
19 the end and inserting “; and”; and

20 (4) by adding at the end the following:

21 “(11) have been made with such restrictions as
22 the Secretary determines to be appropriate to ensure
23 that the mortgagor does not fund any unnecessary
24 or excessive costs for obtaining the mortgage, includ-
25 ing any costs of estate planning, financial advice, or
26 other related services.”.

1 **SEC. 3. IMPLEMENTATION.**

2 (a) NOTICE.—The Secretary of Housing and Urban
3 Development shall, by interim notice, implement the
4 amendments made by section 2 in an expeditious manner,
5 as determined by the Secretary. Such notice shall not be
6 effective after the date of the effectiveness of the final reg-
7 ulations issued under subsection (b).

8 (b) REGULATIONS.—The Secretary shall, not later
9 than the expiration of the 90-day period beginning on the
10 date of the enactment of this Act, issue final regulations
11 to implement the amendments made by section 2. Such
12 regulations shall be issued only after notice and oppor-
13 tunity for public comment pursuant to the provisions of
14 section 553 of title 5, United States Code (notwithstand-
15 ing subsections (a)(2) and (b)(B) of such section).

○